Reconstruction Watch

Promoting Fair and Effective Use of New York City's Economic Development Resources After September 11th

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The LMDC: They're in the Money; We're in the Dark

A Review of The Lower Manhattan Development Corporation's Use of 9/11 Funds

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About Reconstruction Watch

Reconstruction Watch is intended to assist low and moderate income New Yorkers in understanding and influencing the reconstruction process. Through its research and publications, Reconstruction Watch provides these New Yorkers and the organizations that assist and represent them with timely information that they can use of participate effectively in the reconstruction process.

This report is the most recent in a series. Previous reports include analyses of the Federal government's $21.5 billion package for rebuilding and profiles of charter LMDC board members. Copies of these reports and up-to-date information on the allocation of 9/11 rebuilding funds are available at www.goodjobsny.org.

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Any errors in this report are solely the responsibility of its authors.

Executive Summary

This is the first systematic look at the allocation of economic development monies by the Lower Manhattan Development Corporation (LMDC), a subsidiary of the New York State Urban Development Corporation, that was created to direct the revitalization of Lower Manhattan after the 9/11 attacks. In preparation for this report, Good Jobs New York analyzed all publicly available documents, including board meeting minutes, Partial Action Plans (proposals for the use of Federal funds) and reports to the U.S. Department of Housing and Urban Development (HUD) on its actual use of those funds.

We find that the LMDC favors big business and real estate interests over community priorities, awards contracts to recipients who have relationships with board members, and makes use of an unaccountable process that greatly limits public input, particularly from low and middle-income residents.

This report examines the LMDC's expenditures for economic development, both in terms of who received funds and how decisions were made, and offers some recommendations for improvements to future allocations. We focus primarily on the approximately $1.3 billion in discretionary rebuilding funds, defined in this report as LMDC funds that do not include Congressionally mandated pass-throughs or recovery grants that went to businesses and residents in the immediate aftermath of the attacks. Highlights of our findings include:

Big Business Prioritized Over Broader Community Needs

The 9/11 attacks had a disproportionately harmful economic impact on low and middle-income residents. Yet the LMDC has focused on the priorities of powerful businesses and major property owners.

Governor George Pataki and other public officials continue to push for a $6 billion rail link that would improve job access for Long Island residents while the City's unemployment rate remains high. This costly rail link proposal, possibly funded with 9/11 rebuilding resources, has ranked behind local transportation needs when Lower Manhattan residents have been asked for their rebuilding priorities, even at LMDC-sponsored events.

Affordable housing has received broad, consistent support in community forums. However, the one LMDC proposal to address this issue offers only a fourth of what the Mayor had reportedly requested ($50 million rather than $200 million) and, since its much-publicized announcement in July of 2003, it has yet to be approved.

The majority of the rebuilding allocations made so far have benefited neighborhoods such as the Financial District and Tribeca, in Community Board 1, which have a median family income of $110,609, rather than Community Board 3, which includes Chinatown and the Lower East Side and has a median family income of $28,508.

Lack of Diversity and Questionable Funding Patterns on the LMDC Board
The LMDC board of directors – appointed half by the Governor and half by the Mayor – is dominated by corporate executives and real estate interests. This composition, as well as the priorities of Governor Pataki, appear to have influenced the composition of the grant awards, skewing them toward big business and higher-income neighborhoods.

There have also been a striking number of grants and contracts awarded to organizations to which board members have ties or interlocks. Organizations with which LMDC board members are affiliated have received a total of $112.4 million of the discretionary rebuilding grants awarded by the Corporation. (Again, "rebuilding" grants refer to grants made after funds for business and residential recovery programs had been allocated.)

Board members have consistently recused themselves from votes on projects with which they have ties – a total of 27 recusals over the last two and a half years. Reducing the significance of the recusals, all projects brought before the board so far have been unanimously approved.

Groups without ties to LMDC board members have reported difficulty in accessing information about the status of their funding proposals. Combined with the frequency of approvals for projects with board member connections, this leaves the LMDC open to questions about whether board member ties influence decision-making, despite recusals.

Lack of Accountability and Transparency
As the subsidiary of a public authority, the LMDC displays many of the accountability and transparency problems that plague the state's other public authorities. These include difficulty in accessing certain documents, lack of meaningful public input in decision-making and vaguely defined standards for awarding and evaluating grants. (Problems with the allocation of economic development funds stand in contrast to the relatively extensive public hearing process the LMDC has conducted for decisions about the WTC Site and Memorial.)

Taking advantage of a Federal waiver on public hearings for the allocation of the Community Development Block Grant (CDBG) monies made available for the rebuilding of Lower Manhattan, the LMDC instead uses a two-week write-in comment period for Partial Action Plans that prevents face-to-face dialog between the public and board members and is a deterrent to low-income residents.

The LMDC has not yet released several of the studies it has commissioned, even though they are intended to guide its allocation policies. This includes a $490,000 study on the housing needs of Lower Manhattan residents and a $3 million study on linking Lower Manhattan by rail to John F. Kennedy Airport and Long Island.

Although a set of guidelines for applying for funds, dated June 25, 2004, is available on the LMDC's website, there is no standard application for those wishing to submit proposals for funding, no clear guidelines for measuring success of existing projects, and vague reporting on past allocations. Moreover, although members of the LMDC board sometimes recuse themselves from selected votes, there is no systematic disclosure of the reasons for recusals.

Recommendations

With just under $1 billion remaining in CDBG funds, the LMDC has an opportunity to address all the problems cited in this report. We offer the following recommendations for improving future allocations:

Diversify the Board

The Governor and the Mayor should use current and future vacancies on the LMDC board to balance out its business-dominated composition. The four board seats that are currently vacant should be filled with directors accountable to the needs of low- and moderate-income New Yorkers – such as mixed-income housing and living wage jobs – and to residents of Lower Manhattan. The Chairs of Community Boards 2 and 3, for example, could be added to increase resident representation. Guidelines should be put in place to ensure that the board addresses a broad range of community needs in its funding allocations.

Focus on Community Concerns about Jobs and Housing

The LMDC should incorporate community input about the need for jobs and mixed-income housing into its Partial Action Plans. While it's not expected that the LMDC can reverse the employment and housing crises evident in our city before 9/11, its allocation of funds shouldn't fuel these problems either. The influx of wealthier residents to the area, due in part to the LMDC's Residential Grant Program, for example, is making Chinatown and the Lower East Side unaffordable for longtime residents.

The LMDC should fully fund the Mayor Michael Bloomberg's request for $200 million for mixed-income housing, and should release the housing study being prepared by the NYC Housing Development Corporation.

While support for the finance sector in Lower Manhattan is crucial, the LMDC should also direct resources to help diversify the economy, reducing New York City's reliance on the volatile FIRE (Finance, Insurance, Real Estate) industries. By strengthening its environmental standards to include a preference for purchasing environmentally friendly building materials in New York State, for example, the LMDC could generate a critical mass of demand for "green" building products that would support a range of 21st Century service and manufacturing jobs for New York's struggling middle class.

Improve Accountability and Transparency

LMDC documents should be more detailed and publicly available. HUD reports should specify under which Partial Action Plans and at which board meetings particular expenditures were authorized. Studies should be released to the public upon completion.

Decision-making processes should be made more transparent and user-friendly. Applications for discretionary funds should include a time-table for the use of funds, and guidelines about intended beneficiaries and measures of success.

The LMDC should hold and board members should attend accessible public hearings on Partial Action Plans before funds are approved for use. Measures should be taken to ensure that board members and staff take public comments into consideration when making funding decisions.

I. What is the Lower Manhattan Development Corporation?

The Lower Manhattan Development Corporation (LMDC) is a subsidiary of the New York State Urban Development Corporation, doing business as the Empire State Development Corporation (ESDC). It was created by Governor George Pataki and then-Mayor Rudolph Giuliani after New York State received $2.7 billion in Community Development Block Grants (CDBG) from the U.S. Department of Housing and Urban Development (HUD) to help the rebuilding efforts in the wake of the 9/11 attacks on the World Trade Center. (A subsequent special Congressional allocation of $783 million brought the total to $3.483 billion.) The LMDC allocates grants in the area below Houston Street in Manhattan that includes the Financial District, Tribeca, and parts of Chinatown and the Lower East Side. Ordinarily, CDBG funds are prized, flexible grants that must primarily benefit low- and moderate-income communities. Cities use them for public amenities and infrastructure, day care centers, schools and economic development.

Congress waived the low-moderate income benefit requirement as well as the requirement to hold public hearings when it allocated the special post-9/11 cash grant to New York State.[1] All of the LMDC's spending is packaged into Partial Action Plans (PAPs) that contain proposals for the allocation of funds. Following the two-week public write-in comment period the LMDC uses instead of a public hearing, HUD must authorize each PAP.

The waivers on public hearings and low-income benefits were theoretically intended to allow the city the greatest possible flexibility during a time of crisis. Disappointingly, use of the waivers has reduced opportunities for New Yorkers to participate meaningfully in economic development decision-making.

Governor Pataki and Mayor Michael Bloomberg appoint eight board members each. To date, they have appointed business executives, former public officials, one labor union representative from the building trades, and one representative of local residents (Madeline Wils, Chair of Community Board 1). The Board's lack of members who are accountable to the public – such as elected officials – or who represent Lower Manhattan residents has been a sore spot since the LMDC's inception in late 2001.

Shortly after the LMDC was formed, it became clear that Governor Pataki would dominate it. For economic development advocates, that was a red flag, since similar state entities – such as LMDC's parent, the Empire State Development Corporation – have long been known to conduct much of their business with minimal public oversight.

Then-Mayor Giuliani was allowed to appoint four members to the board compared to the Governor's seven. Some have speculated this uneven allocation was designed to dilute the influence of the next Mayor who, at the time, was considered likely to be a Democrat. It was only after Republican Mayor Bloomberg took office that Governor Pataki changed the Corporation's structure so that the board became evenly appointed – eight appointees each.[2]

The LMDC's mission focuses on the critically important mandate to build a memorial to those who died on September 11, 2001, and the LMDC has held numerous hearings concerning the development of the WTC site[3] However, its mission also includes economic revitalization of Lower Manhattan, a mandate that has received less public attention.

LMDC's Economic Development Agenda

The LMDC "Principles for Action," adopted in April 2002 to guide funding allocations, include the following goals relating to economic development: [4]

- Make decisions based on an inclusive and open public process;
- Assist the rapid revitalization of Lower Manhattan, in a manner that does not preclude desirable future development plans;
- Support the economic vitality of Lower Manhattan as the financial capital of the world with new office space;
- Develop a comprehensive, coherent plan for transit access to Lower Manhattan that expands regional and local connections and improves transit facilities;
- Promote sustainability and excellence in design, for environmentally sensitive development.

These goals, while worthy, represent only a portion of the broad range of community needs created by the economic impact of the 9/11 attacks. Noticeably absent from the list, for example, is mitigation of the attacks' negative impact on economic conditions such as high unemployment and soaring housing costs. Pressure due to the increased shortage of jobs and affordable housing hit low and middle-income New Yorkers disproportionately hard, making attention to equity in the allocation of rebuilding funds important to the creation of a truly "diverse" Lower Manhattan. [5]

Jobs and Housing Voices Missing

While public officials claim that the allocation of LMDC funds has retained and created jobs, the LMDC has yet to actually quantify what type of jobs and for whom. LMDC reports to HUD claim certain allocations have assisted low and middle-income populations, but fail to explain how these groups are defined or what the benefits have been.

Any entity charged with the economic revitalization of all or part of New York City faces a pressing need for attention to jobs and housing. After the attacks, 300,000 New Yorkers were without work, and today the unemployment figure hovers at 272,000 or 7.5%, which is 2% above the national average.[6] New York City's housing seems even bleaker. Since 1998 the New York City homeless shelter population has increased by 73%, reaching 36,400 in June of this year.[7] The housing crisis has worsened in recent years with the average sales price of an apartment in Manhattan rising to $1 million, while a third of New York City residents spend over half their income on rent, a measure indicating a "severe rent burden."[8] New York City has the highest costs of living in the nation, a persistently high jobless rate and one of the least affordable housing markets in the country.[9]

High housing costs and high levels of unemployment and underemployment are serious concerns to New York's struggling middle class. Over the past decade, throughout periods of both job gain and job loss, there has been a squeeze on middle-class jobs. Job gains have been primarily in the very high-wage sectors – finance foremost among them – and in very low-wage jobs, such as restaurants, social services, and in parts of the health services industry. In addition, several industries that are heavily concentrated in New York, such as banking and corporate headquarters, have restructured in ways that have eliminated mid-level positions.[10]

II. LMDC Board Members and LMDC Grants

While the composition of the LMDC board is not adequately representative of the Lower Manhattan community and of the low- and middle-income populations of the city as a whole, the board has turned out to be representative of one particular group - organizations that have received discretionary grants from the LMDC itself. Groups with which LMDC board members are in some way affiliated have received a total of $112.4 million, which represents 34% of the discretionary rebuilding grants awarded by LMDC since its inception.[11]

For example, the non-profit Alliance for Downtown New York, whose president Carl Weisbrod sits on the LMDC board, has received over $4.8 million in funding:

- $4,000,000 for streetscape improvements
- $700,000 for the 2002 and 2004 River to River Festivals
- $120,000 to staff informational kiosks in Lower Manhattan

Weisbrod also recused himself from votes on the following grants that did not go directly to his organization:

- $500,000 for construction of the informational kiosks
- $4,700,000 for the History and Heritage Campaign
- $3,800,000 for Tribute in Light (not yet confirmed in board minutes)
- $75,000 for Millennium High School

Madelyn Wils, who serves as the Chair of Community Board 1, recused herself from votes on the following grants:

- $3 million for the Tribeca Film Festival (Wils is the president and CEO of the related Tribeca Film Institute)
- $4,400,000 million worth of grants to the Alliance for Downtown (Wils is a member of the Alliance's board)
- $2,600,000 for the Hudson River Park Trust (Wils is a member of the HRPT board)
- $1,000,000 million contract for Davis Brody Bond, associate architect for the WTC memorial
- $3,800,000 million for the Tribute in Light (not yet confirmed in board minutes)
- $75,000 for Millennium High School

This is not to say that Weisbrod or Wils has done anything unethical or illegal. They were careful to recuse themselves when the board voted on the grant proposals submitted by their organizations or by organizations on whose boards they serve.

Yet the significance of those recusals is diminished when one takes into account the context in which they occurred. There was little chance that the recusals would have made a difference in the outcome of the votes, given that except for recusals and abstentions, *the LMDC board has been unanimous in approving every single vote it has taken on a grant proposal*.

This degree of unanimity could mean that the board was careful to bring to a vote only those proposals that had the most merit. It also points to the strong influence of Gov. Pataki, the ultimate director of this and all other state authorities and their subsidiaries – an influence which limits possibilities for the board to debate, set or change funding priorities. The board's homogeneity in terms of affiliations to business and real estate interests may also play a role in minimizing disagreement.

Whatever the cause of the board's 100% approval record, when viewed alongside the fact that a significant number of proposals receiving funds were from organizations tied to board members, it is difficult to avoid a suspicion of favoritism. This suspicion is also fueled by reports from non-profits without LMDC board connections that their proposals have languished.

For example, a group of former workers at the Windows on the World restaurant at the World Trade Center have applied for funds to help start a cooperatively run restaurant. They have had difficulty obtaining information about the status of their proposal, let alone an allocation of funds. [12] The absence of clear standards and time-tables creates an atmosphere of mystery around the board's funding decisions; this, in turn, makes it impossible to draw definitive conclusions about possible favoritism.

Raising the question of favoritism is not meant to suggest that any LMDC board member personally profited from the way in which grants were awarded. Most of the organizations in question here are non-profits and all are engaged in activities that benefit the public and the revitalization process. Not at issue here are the grants awarded to Con Edison (on whose board LMDC director Sally Hernandez-Piñero sits) and to Verizon (where LMDC director Paul Crotty used to be a director). These grants were mandated by Congress for utility restoration.

Our concern is more with issues of process. Board members are supposed to have some distance from the matters on which they are voting. Directors rightly recuse themselves when a real or potential conflict of interest arises. Recusals, however, are supposed to be a rare occurrence. Since the LMDC's inception in December 2001, board members have recused themselves from votes a total of 27 times, with two board members (Wils and Weisbrod) accounting for over half of these recusals.

When recusals become as frequent as they have been at LMDC, it raises the question of whether the board is addressing a sufficiently broad range of rebuilding needs. Diversifying the LMDC board to represent of a wider portion of the community can also help to eliminate any appearances of favoritism.

For more details on the current and past composition of the LMDC board, including details on recusals, see the following table.

Current board members are in **bold**

BOARD MEMBER (and Appointing Official)	**AFFILITATIONS**	**RECUSALS** (Date, Amount and Project)
Robert P. Balachandran (Pataki)	**Managing Director of Public Finance at Bear Stearns, former CEO and President of the Hudson River Park Trust; former assistant counsel to Gov. Pataki**	
Roland Betts (Pataki)	**Film financier, developer of Chelsea Piers, shared ownership of Texas Rangers with George W. Bush.**	**7/04: $700,000 for printing contracts***
Paul Crotty (Giuliani)	**Former exec at Verizon, Commissioner of the Dept. of Finance and Housing, Preservation and Development (HPD) under Mayor Koch, Corporation Counsel under Giuliani**	**5/03: $750,000,000 for utility restoration**
Lewis Eisenberg (Pataki)	Co-chair of Granite Capital, headed George W. Bush's NJ fundraising committee, former chair of the New York and New Jersey Port Authority	
Christy Ferer (Pataki)	Author, entrepreneur and recently appointed to the Port Authority of New York and New Jersey Board of Commissioners (Family Member)	6/04: $90,300,000 for costs related to acquisition of the Deutsche building; $54,000,000 for Partial Action Plan #8; $100,000 for 92nd Street Y
Richard Grasso (Giuliani)	Former Chairman of the NYSE	10/02: $4,700,000 for History and Heritage Campaign 5/03: $156,500,000 Partial Action Plan #4 7/03: $160,000 for NYSE area improvements
Robert Harding (Giuliani)	**Deputy Mayor for Economic Development under Giuliani**	
Sally Hernandez-Piñero (Bloomberg)	**Attorney in private practice, Deputy Mayor for Finance and Economic Development under Dinkins, former VP of The Related Companies and Managing Director of Fannie Mae. Sits on the boards of: Con Edison, Dime Savings Bank, Bank of New York, American Museum of Natural History and the United Way of Greater New York**	**5/03: $750,000,000 for utility restoration**
Thomas Johnson (Pataki)	**CEO of GreenPoint Bank, on the board of Freddie Mac, (Family Member)**	
Edward Lewis (Bloomberg)	**CEO of Essence Communications, New York City Partnership board member**	
Ed Malloy (Pataki)	**Pres. of the Building and Construction Trades Council and the NYS Building and Construction Trades Council, NYS Vice President of the AFL-CIO**	**10/02: $4,700,000 for History and Heritage Campaign**
Stanley O'Neal (Bloomberg)	President and COO, Merrill Lynch, on the Board of Executives of the New York Stock Exchange and the New York City Partnership, General Motors, Memorial Sloan-Kettering, the Center for Strategic and International Studies (CSIS) and The Lincoln Center Theater.	
Stanley Shuman (Bloomberg)	**Managing Director Allen and Company, on the board of News Corporation, supporter of the Clinton Library**	**10/03: $220,000 for Zagat guide** **6/04: $54,000,000 Partial Action Plan #8; $796,000 for memorial project**
Billie Tsien (Bloomberg)	Architect, board member of the Public Art Fund, honorary board member of Worldstudio Foundation	

John Whitehead (Chair) (Pataki)	**Former co-chair of Goldman Sachs, Deputy Secretary of State under Regan, served as chair of the Federal Reserve Bank, was director of the NYSE and sits on numerous non-profit boards.**	**3/04: $3,000,000 to the Tribeca Film Festival 4/04: $1,000,000 to Davis Brody**
Madelyn Wils (Pataki)	**CEO of the Tribeca Film Institute, chair of Community Board One, on the board of the Alliance for Downtown New York, Hudson River Park Trust and the Lower Manhattan Cultural Council**	**6/02: $306,000,000 Partial Action Plan #1; $200,000 to Alliance for Downtown 5/03 $156,000,000 Partial Action Plan #4; 7/03: $75,000 for Millennium High School; $4,000,000 to Alliance for Downtown, $2,600,000 for Hudson River Park Trust 11/03 $120,000 to Alliance for Downtown 3/04: $3,000,000 to Tribeca Film Festival 4/04: $1,000,000 to Davis Brody 6/04: $54,000,000 Partial Action Plan #8, $200,000 to Alliance for Downtown 7/04: $3,800,000 for Tribute in Light***
Howard Wilson (Giuliani)	Former chair of the NYC School Construction Authority, Assistant U.S. Attorney General under Giuliani, on the board of the Citizens Budget Commission, resigned LMDC board because his law firm, Proskauer Rose, represents Larry Silverstein.	
Deborah Wright (Pataki)	Pres. & CEO of Carver Corp., former director of the Upper Manhattan Empowerment Zone, Director of the Department of Housing, Preservation and Development under Giuliani and board member of the New York City Housing Authority under Dinkins	
Carl Weisbrod (Bloomberg)	**President of the Alliance for Downtown, head of the NYC Economic Development Corporation under Giuliani, Ex-Officio board member of NYC & Company, board member of the Lower Manhattan Cultural Council, Fund for Modern Courts and the Ford Foundation**	**6/02: $200,000 to Alliance for Downtown 10/02: $4,700,000 for Heritage and History Campaign 5/03: $156,000,000 Partial Action Plan #4 7/03: $4,000,000 to Alliance for Downtown 8/03: $500,000 for Kiosk construction 11/03: $120,000 to Alliance for Downtown 6/04 $200,000 to Alliance for Downtown 7/04: $3,800,000 for Tribute in Light***
Frank Zarb (Pataki)	Former Chair of NASDAQ, Nassau Interim Finance Authority, was President Ford's energy czar	

* NOTE: All information on 7/04 allocations and recusals is based on notes taken by GJNY staff at the July 2004 LMDC board meeting. Minutes for this meeting have not yet been ratified or made public and figures may change in ratified version. For update, visit www.renewnyc.com.

III. Is the LMDC Board Funding What the Community Wants?

Perhaps unsurprisingly, the LMDC board's business-dominated composition has made it difficult for community members and their advocates to get the LMDC to address the issues they face.

The first of the LMDC's "Principles for Action" states that the board will "make decisions based on an inclusive and open public process."[13] As we catalogue in the following section, this principle has not consistently been put into practice when it comes to economic development allocations.

Opportunities for Public Input
Since 9/11, there have been a number of public events, sponsored by the LMDC and by other organizations that provided people with the chance to register their opinions about rebuilding. While these meetings cannot substitute for an official public hearing with LMDC board members present, issues that are raised can be seen as indicative of community priorities. Issues that emerged in almost all of them included housing, jobs and economic development, transportation, and local public amenities such as retail, schools and parks.

Sample of public input opportunities

"Listening to the City" at the Jacob Javits Center (July 2002) **-** A diverse crowd of over 5,000 people participated in a high tech "town hall" style meeting, cosponsored by civic and educational groups and the LMDC, which gathered input on the design of the WTC site as well as economic development priorities. (www.listeningtothecity.org)

Imagine New York (Spring 2002) **-** Sponsored by the Municipal Art Society, Imagine New York held 230 workshops gathering input on the World Trade Center site development and memorial design. (www.imagineny.org)

LMDC's Public Meeting at Pace University (January 2003) **-** A public hearing at Pace University to discuss the draft Memorial Mission Statement and Program. (www.renewncy.com/Participate)

LMDC Summer 2003 Workshops – Invitation-only workshops in different Lower Manhattan neighborhoods (including a second, more open meeting in Chinatown after protests from community members there) plus meetings in each of the five boroughs. According to the LMDC, these meetings were to "inform communities about LMDC initiatives…."and "provide a forum where people could engage in discussions with other members of the community."[14]

Civic Alliance, Beyond 16 Acres (March 16, 2004) **-** Over 150 people voted on how to spend the $1.2 billion then available to the LMDC after a panel presentation on key issues. (www.rpa.org/civicalliance/beyond_events.html)

The Pace Poll, The Rebuilding of Lower Manhattan (March 2004) **-** This survey of 646 Lower Manhattan residents covered a variety of building issues related to housing, transportation and the memorial. (www.pace.edu)

Addressing Transportation, Jobs and Housing

The LMDC has commissioned studies and made certain funding allocations toward three of the issues identified by the public as priorities. But in each of the following cases the LMDC funding initiatives falls far short of community preferences.

Transportation

When asked about transportation, LMDC's Summer Workshop participants cited improved local transfers and more ferry service. Better access to the airports emerged as a priority in the Wall Street neighborhood workshop.[15] However, results of a Community Board 1 website survey show that airport access is considered less important than improvements to local public services and retail.[16] The March 2004 Pace Poll found that over 60% of Lower Manhattan residents supported expanded ferry service.[17] Only 16% of Listening to the City participants listed connecting Lower Manhattan to the suburbs as "important."[18]

After soliciting this input, the LMDC has centered its transportation strategy heavily around a proposed rail link to JFK Airport and Long Island, promoted by Governor Pataki, some other elected officials, and a number big business interests as the linchpin in the redevelopment of the area.

While regional transportation infrastructure can be a wise public investment, the need for the JFK Airport and Long Island rail link must be weighed against other transportation projects. In New York City, public officials must take into consideration local transportation improvements, the need for a Second Avenue subway, and the proposed extension of the Number 7 line that would encourage development on Manhattan's Far West Side. On Long Island, transit advocates prefer an upgrade of existing the Long Island Rail Road.[19] Moreover, some groups have questioned the State's projections of ridership of 100,000 between Lower Manhattan and Long Island.[20]

The LMDC's most expensive study commissioned so far – $3 million – went to the Parsons Transportation Group and SYSTRA Engineering in the summer of 2003 to review access alternatives between Lower Manhattan, JFK Airport and Long Island. The study was presumably completed in early spring of this year, since the RFP called for the study to be completed in six to nine months, and in May 2004, the Governor announced plans to move forward with the rail link at a luncheon hosted by the Association for a Better New York (ABNY).[21]

The status of the study remains unclear. In response to Freedom of Information Law request by GJNY, the Empire State Development Corporation sent a letter dated August 3, 2004 stating that the Parsons/SYSTRA report had not been completed. Yet, a May 2004 economic analysis of the proposed rail link completed by Hamilton, Rabinovitz & Alchuler, Inc. cites the Parsons/SYSTRA study throughout. In addition, when GJNY requested a copy of the study from LMDC staff, we were sent an eight-page report provided to attendees of the May 2004 ABNY luncheon.

In addition to committing funds to study the rail link, Gov. Pataki and other public officials have been quoted as saying that they support using much or all of the remaining CDBG funds to help pay for a portion of its construction. During his ABNY speech, Governor Pataki declared that "the LMDC and the MTA will each allocate significant funding" for the rail link.[22] One month earlier, US Senator Charles E. Schumer told an audience at an event hosted by the Regional Plan Association, "We also have approximately $1.2 billion in unspent CDBG funds available that the Lower Manhattan Development Corporation has set aside for the JFK/Long Island rail link."[23] The LMDC has yet to make a decision on how much, if any, of its remaining CDBG funds will be spent on the project.

Making the rail link proposal more complex, in late July 2004, the Governor announced that President Bush would support the conversion of $2 billion of unused 9/11 tax credits into resources that would support transportation infrastructure. Although the proposed language for this conversion includes a variety of possible uses, the Governor and business leaders have emphasized that funds would go directly to the JFK/Long Island rail link, even though a financing plan for the estimated $6 billion project has yet to be released.[24] Since the Parsons/SYSTRA report has also not yet been publicly released, it is unclear what role the Governor's argument about the benefits of a rail link played in President Bush's support for the conversion proposal. Regardless, the public has a right to see the findings of the report to determine if a rail link is the best use of the LMDC's valuable resources.

Jobs

The March 2004 Pace Poll ranked "creating new jobs and economic development" as the most important dimension of the rebuilding effort. Participants in the Beyond 16 Acres voted on community priorities suggested spending up to 23% of funds on "economic development," second to affordable housing. The severity of NYC's employment and underemployment situation generally also suggests that support for jobs and economic development be a major component of revitalization.

The LMDC has not yet allocated any funds toward direct job creation programs, although initial grants from the ESDC went to a temporary wage-subsidy program. Several additional jobs proposals have since been submitted to the LMDC and are awaiting a response.

The Corporation commissioned Appleseed, Inc., a New York-based consulting group that focuses on economic development, to do a study on the economic impacts of redevelopment. Appleseed was not asked to investigate, “What would be the best strategy for economic development and job creation in Lower Manhattan?” Instead, the study makes a series of assumptions, including that at least 10 million square feet of office space will be built and 90 percent occupied by 2015, that as many as 80 percent of office tenants will be new to the city, that the mix of commercial office tenants in Lower Manhattan will remain the same as it was in 2001, and that retail and cultural facilities will be built out and fully occupied.[25] Then the study feeds these assumptions into an input-output model that ignores competing regional demand for office space and generates a set of projections for jobs and revenues.

These assumptions are optimistic, particularly regarding demand for commercial office space, given significant new construction anticipated for the Far West Side of Manhattan and the rezoning of Long Island City in Queens and Downtown Brooklyn to accommodate the development of office towers.

If the Appleseed study is a guide to the LMDC’s approach, it seems likely that the Corporation considers both economic development and job creation to be by-products of real estate development, rather than goals in and of themselves.

Liberty Bonds

In March 2002, Congress passed the “Job Creation and Worker Assistance Act,” and gave New York authority to issue $8 billion in so-called Liberty Bonds. These bonds could be used by developers to borrow money at a discounted interest rate in order to build new commercial, residential rental, or utility buildings.

Over the past two years, Liberty Bonds have been used to finance almost entirely market rate residential apartment buildings in Lower Manhattan and commercial buildings in numerous locations in the city.

In May 2004, the Senate passed a version of the corporate tax bill that included a five-year extension of the Liberty Bond program, which was originally scheduled to expire at the end of 2004. The measure is expected to pass sometime before the end of the year.

For detailed information about the Liberty Bond Program, go to http://www.goodjobsny.org/pdf/rwatch_3.PDF.
For more information community concerns about the impact of Liberty Bonds on affordable housing, visit www.goodjobsny.org/rec_news.htm.

Housing

The Federal response to the 9/11 attacks included two programs that affected housing: the Liberty Bond Program (not overseen by the LMDC), which provides developers of residential real estate access to low-interest loans, and flexible cash, some of which was offered through the Residential Grant Program, to households that agreed to sign two-year leases in Lower Manhattan. Neither of these programs addressed the need for housing at a range of income levels, especially low and middle-income housing. In fact, as discussed below, both programs may have exacerbated pre-existing shortages of affordable housing in the area.

The need for mixed-income housing was one of the loudest and clearest messages from the public during polls and forums. The results of the “Listening to the City” event rated the creation of affordable housing as a top priority, with 55% of respondents rating it the “most important” issue in terms of civic amenities. Housing also emerged as the number one priority of people attending the March 16, 2004 Beyond 16 Acres event on best uses for the remaining CDBG funds.[26]

The LMDC’s response to community housing needs has been slow. A housing study commissioned in September 2002, initially to be performed by the Weitzman Group for $700,000 was later transferred to the New York City Housing Development Corporation for a reduced cost of $490,000, and has yet to be made public.

In the meantime, the disbursement of the Residential Grant Program funds has contributed to an increase in market rate housing Downtown. And the allocation of Liberty Bonds is financing thousands of new luxury rental units to come online in the next few years.

Following months of criticism from advocacy and community groups about the lack of funds for affordable housing, the LMDC earmarked $50 million for a mere 300 units of mixed-income housing in July 2003 (see Partial Action Plan #6). Disappointingly, the $50 million falls short of the $200 million Mayor Bloomberg reportedly wanted.[27] And even though the $50 million set-aside was announced at a press conference attended by Governor Pataki, Mayor Bloomberg, and former HUD Secretary Mel Martinez on July 21, 2003, there has been little movement from the Corporation since then because the plans have yet to be approved by HUD.[28]

The LMDC’s studies and allocations have not so far led to outcomes or recommendations responsive to the priorities community members are voicing. This failure to directly fund community priorities raises concerns about the LMDC’s responsiveness to public input.

IV. Equity in the Distribution of Funds

The economic impacts of the September 11th attacks affected people at every level of income. But middle and low-income New Yorkers were especially hard hit. Of the approximately 100,000 people whose jobs were directly displaced by the attacks, 60% worked in jobs paying less than $11 per hour.[29] The ripple effects of the street closures put many small business owners and service sector employees out of work.

The neighborhoods that make up Lower Manhattan experienced the economic fall-out of the attacks differently. The Financial District, Battery Park City, and Tribeca were directly harmed by the aftermath of the attacks; businesses and residents in those areas deserve, and have received, dedicated resources. However, the less affluent neighborhoods of Chinatown and the Lower East Side were also devastated, and have received fewer resources.

Most of the rebuilding allocations have benefited Community Board 1 neighborhoods, such as the Financial District and Tribeca, with a median family income of $110,609 according to the 2000 census, rather than Community Board 3, which includes Chinatown and the Lower East Side and has a median family income is $28,508.[30]

Chinatown, in particular, suffered from street closings that decimated its garment manufacturing industry. According to the Asian American Federation of New York:

- In the first two weeks after the attacks, three-quarters of Chinatown's workforce, approximately 25,000 people, lost their jobs.

- In the three months following, 40 garment factories shut down as a result of the street closings, with 25 more closing their doors by January 2002.

- One year after the attacks, 60% of remaining garment workers were underemployed or working reduced hours, and businesses in the area continued to experience substantial losses, with 70% of restaurants, 65% of the remaining garment factories, and 50% of jewelry stores reporting declines in business of over 20% from the summer of 2001.[31]

- Wages for Chinatown's remaining garment workers declined nearly 50% from $5.96 to $3.07 per hour after 9/11, in stark contrast to average New York wage of $13.89 in 2001.[32] (Very low wage levels reflect the prevalence of unregulated working conditions in this industry.)

Given that low- and middle-income New Yorkers bore a steeper economic burden as a result of the attacks, equity concerns deserve a place in the rebuilding and redevelopment process. Federal waivers on the CDBG grants need not translate into a disregard for equity at the state and city levels.

Recovery Allocations

Recovery funds, distributed in the immediate aftermath of the attacks, were given first to the Empire State Development Corporation (ESDC) and later to the LMDC with no strings attached.[33] Unfortunately, this flexibility allowed state and city officials to structure compensation programs without regard to need. In fact, because compensation for businesses was based on lost revenues, boutique professional service firms received the bulk of the recovery grants, while the lower-end retail shops and restaurants more commonly associated with the phrase "small business" received the least.[34]

The largest employers were offered cash incentives to commit to Lower Manhattan for at least seven years. (These grants included up to $40 million for the Bank of New York; and $25 million for American Express and $23 million for the New York Board of Trade.) However, the grants did not necessarily function as incentives. For example, a spokesperson for American Express told *Newsday* that his firm would have returned to Lower Manhattan even in the absence of cash grants.[35]

Residential recovery grants, offered to households that committed to staying downtown for at least two years, also raised equity concerns among advocates. Extensive anecdotal evidence from community groups suggests that landlords raised rents to incorporate most of the incentives offered to renters, and that many low-income tenants were not offered two-year leases, thus freeing the space for residents who could afford a new, higher rent.

A summary of recovery grant is shown below.

Recovery Grants Funded by the LMDC

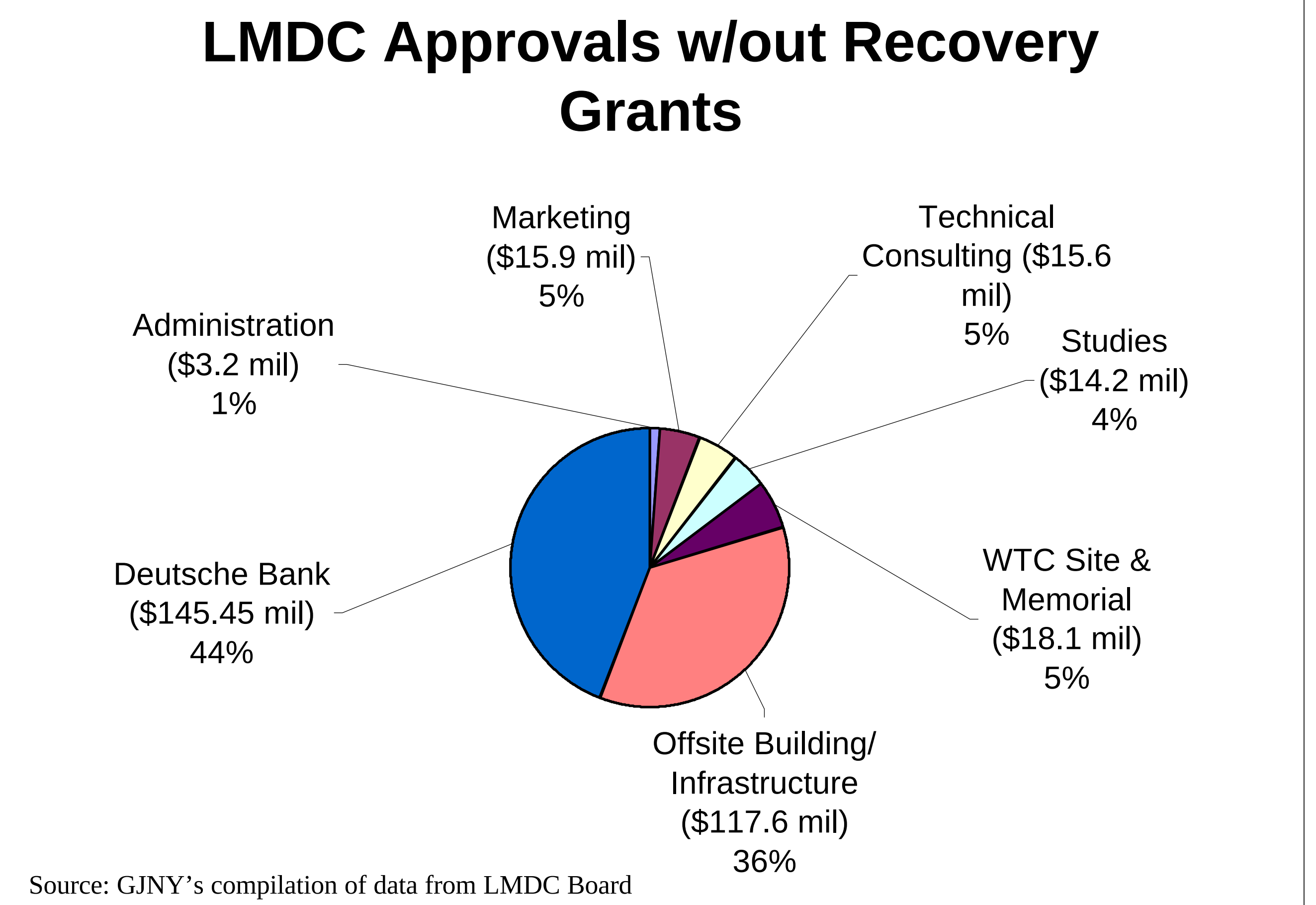
Program Type	Amount	Description
Business Assistance • Business Recovery; • Small Firm Attraction and Retention; • WTC Job Creation & Retention	$426.5 million (This is in addition to the $700 million in CDBG funds allocated to the ESDC immediately after the attacks for business assistance, bringing the total to $1.13 billion)	Compensation for lost revenue; Discretionary incentive packages for commitments to stay in Lower Manhattan
Residential Grant Program	$280.5 million	Grants to renters and owners of up to 30% of housing costs for a two year commitment to live in Lower Manhattan
Mandatory Congressional Pass-throughs	$783 million[36]	Compensation to utilities that incurred damage and losses due to attacks and to firms suffering "disproportionate loss of workforce"
TOTAL	$1.49 billion	

GJNY's first series of Reconstruction Watch reports described these programs and offered critical analysis of their impact, especially on low and middle-income New Yorkers. The reports are available at: http://www.goodjobsny.org/rec_pubs.htm.

Rebuilding/Revitalization Allocations

As the situation in Lower Manhattan became more stable, the LMDC was left with approximately $1.3 billion in CDBG funds to fulfill its mission to create a memorial and rebuild and revitalize the area. (The "rebuilding" amount of $1.3 billion is the original total of $3.483 billion in Federal cash grants minus $783 million in mandated Congressional pass-throughs and minus $1.4 billion in business and residential recovery grants).

An analysis of the distribution of rebuilding and revitalization funds shows that the LMDC fails to prioritize equity issues in post-recovery grant funding. Capital grants, the majority of these funds distributed so far, favor the wealthier Financial District and Tribeca over Chinatown and the Lower East Side.



Source: GJNY's compilation of data from LMDC Board Minutes and Partial Action Plans

NOTE: Administrative costs listed here do not include staff salaries or costs related to office overhead. GJNY was unable to obtain information on these figures.

The most striking feature of the spending pattern is the large chunk dedicated to the Deutsche Bank's damaged building at 130 Liberty Street. The LMDC will spend $145.4 million on the Deutsche Bank as part of an insurance settlement negotiated with the help of former U.S. Senator George E. Mitchell (see "Deutsche Bank story" sidebar for more details). The taxpayers will absorb slightly over half the total reimbursement to the Bank, with the private insurers agreeing to pay a combined $140 million.

The LMDC has so far spent approximately $330 million of the $1.3 billion in its pool of post-recovery funds. These expenditures include small capital projects, marketing, technical consulting, studies, and administrative costs. Contracts to carry out these activities went mainly to New York-based firms, although the list of contractors includes companies from Rhode Island, Texas, Wisconsin, Maryland, and New Jersey. (A complete list of contractors and their addresses is available online at www.goodjobsny.org.)

Deutsche Bank Story

The Deutsche Bank building at 130 Liberty Street sustained significant damage on September 11, 2001. The building has been the subject of an insurance dispute that started in court and ended in mediation under the guidance of former US Senator George E. Mitchell.

Deutsche Bank had policies with four insurers – AXA, Allianz, Zurich America, and Chubb – to cover the value of 130 Liberty Street. After the attacks, the bank concluded that the damage was too extensive to repair the building and that it should be torn down and reconstructed at a cost of about $1.86 billion. Zurich America and Chubb agreed. AXA and Allianz, however, determined that the building could be repaired rather than torn down and replaced; they offered only $170 million. Senator Mitchell brokered an agreement among the parties that involved the public picking up the tab for some of the difference between the two sides. A Memorandum of Understanding signed in February 2003 called for the property to become part of the World Trade Center Site. The Lower Manhattan Development Corporation agreed to purchase the land, deconstruct the building, and pay the costs of insuring it, plus mediation costs.

- Insurers AXA and Allianz pay $140 million plus any overruns from deconstruction costs above $45 million
- LMDC pays $145.45 million (site acquisition - $90 million; deconstruction - $45 million; mediation costs - $150,000; commercial and pollution liability insurance - $10 million; title insurance - $300,000).

Sources: Charles V. Bagli, "Bank Tower, 9/11 Survivor, To Be Razed In a Deal," *The New York Times,* February 27, 2004. LMDC Board Meeting Minutes, June 2, 2004

Of the $117.6 million in offsite building and infrastructure projects, approximately $42 million was subcontracted to New York City to help fund improvements around the New York Stock Exchange, renovations in thirteen small neighborhood parks, including four on the Lower East Side and in Chinatown, the new Millennium High School, and Lower Manhattan planning studies and other improvements. Funds for the neighborhood parks comprise over half this allocation to the city – up to $26.1 million. An additional $25 million was subcontracted to the Port Authority and the New York State Department of Transportation to construct a pedestrian bridge at West Street. Because these funds are being channeled through the city and state, details on actual expenditures and any public hearings associated with them are not reflected in LMDC documents.

Of the direct LMDC allocations for capital projects (i.e., not subcontracted to the city or state), $429,000 went to the Chinatown area to renovate Columbus Park. It is difficult to determine how much of the funds subcontracted to the city for parks went to the Lower East Side and Chinatown. However, even if we assume that a full half of the total $26.1 million allocated went to these areas, these neighborhoods would have received only 10% of the capital dollars spent thus far. The remaining 90% went to Tribeca and the Financial District.

Clearly reconstructing damaged property immediately around the WTC site deserves priority in the allocation of capital funds. However, the impact of the attacks and subsequent street closures in other areas of Lower Manhattan call for a more balanced distribution of resources.

Marketing Lower Manhattan as a shopping, tourist, and entertainment destination seems to be the dominant LMDC strategy for supporting downtown businesses. Funds spent on marketing include direct advertising through billboards and kiosks, development and distribution of outreach materials for LMDC programs, promotion of cultural venues, and sponsorship of festivals such as the Tribeca Film Festival and the River to River Festival aimed at increasing foot traffic in the area. Of the almost $16 million authorized for marketing, $1 million has been set aside for marketing the Chinatown area. The $4.6 million History and Heritage in Downtown NYC Campaign also includes some funds for promoting museums in Chinatown and the Lower East Side.

While bringing foot traffic to the area is critical for small businesses, it is currently unclear how the LMDC assesses and reports on the progress made through marketing campaigns.

Where Has the Money Not Gone (Yet)?

The timeline for spending the remaining funds has been the source of some confusion, particularly for those who have submitted proposals and are waiting for a definitive response. In the meantime, public officials have hinted at two major possible recipients of most or all of the remaining funds

- A rail link to Long Island and JFK Airport
- A memorial at the World Trade Center site.[37]

V. Transparency and Monitoring

Of particular concern to GJNY is whether or not the LMDC is conducting its business in an open manner, including transparency in 1) how funds are allocated, 2) how projects are evaluated, and 3) how the LMDC finances its own activities.

The LMDC does make extensive efforts to post documents on its website, and LMDC staff was helpful in guiding GJNY to publicly available information. However, as mentioned throughout this report, so far, the LMDC's transparency and monitoring leave much to be desired. The bar for transparency has admittedly been set low by the LMDC's parent entity, the Empire State Development Corporation, (ESDC). While the LMDC posts copies of board minutes on its web page, the ESDC fails to do even this, along with all the other agencies allocating 9/11 economic development resources: the New York State Liberty Development Corporation (a subsidiary of the ESDC), the New York State Housing Finance Agency, the New York City Economic Development Corporation and the New York City Housing Development Corporation.

Publicly Available Documents Paint an Incomplete Picture
While the LMDC board minutes create an outline of how the LMDC functions, they do not describe project proposals thoroughly or explain the relationships between board members and the recipients of funds when recusals occur.

The Corporation's quarterly reports to HUD are particularly confusing and tend to overstate the effectiveness of its public input process. For example, the LMDC cites its financial support of $500,000 for the "Listening to the City" event in almost every HUD report, but fails to describe how, or if, it plans to integrate the economic priorities raised there into its programming. Moreover, while the reports to HUD occasionally list projects as benefiting low and moderate-income residents, the reports fail to explain how the LMDC defines low or moderate income and how benefits are assessed.[38]

Documents and Studies Not Made Public
While many types of documents are posted on the LMDC website, several key documents are not made public, for example copies of budgets and financial reports. And because there is no Records Access Officer at the LMDC, Freedom of Information Law requests for such materials must be filed the ESDC. For members of the public who are not familiar with the FOIL process or the ESDC, obtaining documents not readily available can be near impossible. (Calls from GJNY to the LMDC to ask to whom a FOIL request should be directed were first channeled to the communications departments and then left unanswered.)

Studies commissioned by the LMDC are not consistently released to the public. The Corporation has approved 10 studies worth $14 million yet according to the Corporations' website only two studies, the Economic Impact Redevelopment and the Chinatown Access study, have been released. As shown in the studies chart in the appendix of this report, the remaining studies are incomplete or not publicly available. Without the public having access to completed studies, there is no ability to monitor the outcomes of the reports or to determine how they are being used to guide the ongoing distribution of resources.

Some key information may not even appear in official studies. For example, during the October 9, 2003 board meeting, LMDC staff said: "… the development of a database will allow the LMDC to review the socio-economic impact of LMDC funded projects, as well as tracking temporary and permanent job creation." Since none of these data have been made public, the impact of LMDC projects on employment is unknown.

Mysterious Assessment and Evaluation Process

No evaluations of the effectiveness of LMDC programs are made public. Discussion at board meetings indicates that the process may not be so rigorous. During a presentation at the January 2004 board meeting about funding for the Splendor of Florence festival, for example, a question was raised about past LMDC funding of festivals. Director Paul Crotty stated that the River to River Festival, which received $500,000 in 2002, was "very successful."[39] The proposal for the Splendor of Florence Festival was then unanimously adopted.

The process of applying for funds is also somewhat mysterious. Although detailed guidelines were recently added to the LMDC's website, there is no standard application, timetable for responses, or clear channels of communication for applicants. This lack of clarity is a particular problem for groups without access to the LMDC staff through board member connections. Several groups have submitted proposals that would address issues of employment and housing, for example. But these groups have no way of knowing how, or even whether, their projects are being evaluated for possible funding.

It is worth noting that while the LMDC has a department that monitors fraudulent applications for the Residential Grant Program, there is no related effort to monitor and evaluate economic development allocations to ensure they are used to the greatest public benefit. Internal and external audit reports that may include information on project funding exist, and firms have been contracted to conduct them. However, they are not made public.

Accountability Gap

As mentioned in the discussion about the lack of public hearings, the process by which board members are apprised of community priorities and concerns is unclear. The LMDC board is ultimately accountable for the Corporation's transactions and should be presented directly with the concerns of New Yorkers relating to Lower Manhattan's rebuilding.

VII. Conclusion: How to Make Up for Lost Time

As former Senator Everett McKinley Dirksen is rumored to have said, “A billion here, a billion there, and pretty soon you’re talking about real money.” The LMDC has been charged with spending real money. With approximately $1 billion remaining, the Governor, the Mayor, and the LMDC board can take significant steps to enhance the economic benefits of the rebuilding process.

- **Diversify the LMDC Board**

Four current vacancies should be filled with directors that would represent a broader range of stakeholders, particularly Lower Manhattan residents, low and middle-income, unemployed and underemployed New Yorkers. The Chairs of Community Boards 2 and 3 should be invited to join the LMDC board. Future vacancies should be used to achieve a better balance of representation for Lower Manhattan and the city as a whole.

- **Focus on Community Concerns about Jobs and Housing**

The LMDC should prioritize equity and incorporate community input about the need for jobs and mixed-income housing into its Partial Action Plans. Programs should be evaluated in terms of their contribution to goals with broad community support. While it’s not expected that the LMDC can reverse the employment and housing crises evident in our city before 9/11, its allocation of funds shouldn’t put additional pressures on them either.

The LMDC should direct resources to help diversify the Lower Manhattan economy, reducing NYC’s reliance on the volatile FIRE (Finance, Insurance, Real Estate) industries. Funds allocated to rebuild downtown should create jobs that include basic job quality standards such as living wages and benefits in all lease agreements for commercial space, including retail. Another possible job creation strategy would be to strengthen existing LMDC environmental guidelines and require that all new construction using 9/11 monies use high-performance, “green” building technology, with preference to materials produced in New York. This would help spark a 21st Century “green” manufacturing sector that would create jobs for New York’s struggling middle class.

A first step towards addressing downtown’s housing needs would be to release RFPs calling for creative proposals for the development housing at a wide range of income levels. In addition, the LMDC should fully fund the Mayor’s request for $200 million to subsidize mixed-income housing. Finally, the housing study being prepared by the NYC Housing Development Corporation should be completed and released to the public.

- **Improve Accountability and Transparency**

LMDC documents should be detailed and publicly available. Board minutes should specify why board members recuse themselves from specific votes and should include financial reports provided to the board. HUD reports should specify under which Partial Action Plans and which board meetings particular expenditures were authorized. Studies should be released to the public upon completion.

Decision-making processes should be made more transparent and user-friendly. Applications for those requesting discretionary funds should include a timetable for the use of funds, and guidelines about how projects will be evaluated.

The LMDC should hold, and board members should attend, accessible public hearings on Partial Action Plans before funds are approved for use. Measures should be taken to ensure that board members and staff take public comments into consideration when making funding decisions.

The LMDC board, reflecting the positions of both Governor Pataki and Mayor Bloomberg, has so far promoted an economic vision that tends to accommodate large business and real estate interests with the expectation that benefits will filter down to those employed in the service and retail economy. This vision represents a problematically narrow approach to the rebuilding process. The remaining CDBG funds should support a different vision – one with broadly shared economic benefits for ordinary New Yorkers.

Appendix # 1: Lower Manhattan Development Corporation's Partial Action Plans (Copies of the plans are available at www.renewnyc.com under Funding Initiatives)

Plan	Amount Authorized	Purpose	Date approved by HUD/Status
PAP1	$305,892,500.00	Residential Grants $280,500,000; Employment Training $10,000,000 (cancelled after $500,000 spent – transferred to Business Recovery Program in PAP 4); Interim Memorial $350,000; Planning & Administration $15,100,000	Approved 6/02; Amended 9/02
PAP2	$350,000,000.00	WTC Business Recovery Grants $150,000,000; Small Firm Attraction and Retention Grants $50,000,000; Job Creation and Retention Grants $150,000,000	Approved 11/02
PAP3	$24,047,048.42	Renovation of Columbus Park Pavilion $428,571.00; History & Heritage Campaign $4,664,000; Planning & Administration $18,954,477.42	Approved 6/02
PAP4	$156,105,103.00	Short-Term Capital Projects $69,405,000.00; Long-Term Planning $13,894,848; WTC Business Recovery Grants $74,500,000; Reallocation of Employment Training Assistance Program ($9,500,000); Planning & Administration. $7,805,255	Approved 8/03; Amended 7/04
S1	$33, 000,000.00	Businesses with Disproportionate Loss of Life	Approved 9/03
S2	$750,000,000.00	Utility restoration	Approved 9/03
PAP5	$2,421,052.63	Chinatown Tourism and Marketing Program $1,000,000.00; Lower Manhattan Info Program $1,300,000; Planning & Administration $121,052.63	Approved 1/04
PAP6	$52,631,578.95	Housing $50,000,000; Planning & Administration $2,631,578.95	Not Yet Approved
PAP7	$176,134,105.26	World Trade Center Memorial and Cultural Program $164,077,400; Lower Manhattan Tourism $3,250,000; Planning & Administration $8,806,705.26	Approved 6/04
PAP8	$54,628,315.79	WTC Memorial and Cultural program: $50 mil for WTC Memorial & Cultural Program; $1,000,000 for WTC Memorial Foundation; $796,900 for Story Corps/Living Memorial; $100,000 for Downtown Community & Cult Center feasibility study; $2,731,415.79 for Planning & Administration *NOTE: As this report went to press, revised figures for PAP 8 became public. The amounts originally approved by the LMDC board have been altered with a new total of $65,259,894.74. See www.renewnyc.com for details.	Not Yet Approved

Appendix # 2: Studies Commissioned by the Lower Manhattan Development Corporation

Study	Cost	Contractors	Date Commissioned/Date Released
Brooklyn Bridge Anchorage	$300,000	Weiss Manfredi, LLP	November 2003/Not yet released (No RFP information available on LMDC website)
Chinatown Access Study	$350,000	Parson Brinckerhoff Quade & Douglas	April 2003/June 2004
Chinatown Cultural Center Feasibility	$150,000	NYC Dept of Cultural Affairs	March 2004/Not yet released (No RFP information available on LMDC website)
Economic Impact of Redevelopment	$625,000	Appleseed, Real Estate Solutions	July 2002/October 2003
Fulton Corridor Retail	$735,140	Gensler Architecture, & Robert A.M. Stern Architects	January 2003/ Not yet released
Greenwich Street South	$880,000	Hardy Holzman Pfeiffer Assoc. & URS Corporation	October 2003/ Not yet released
Housing south of Canal Street	$490,000	NYC Housing Development Corporation (Originally contracted to the Weitzman Group for $700,000 and later transferred)	September 2003/ Not yet released
Lower Manhattan Airport and Commuter Access Alternatives Analysis	$3,000,000	Parsons Transportation Group & SYSTRA Engineering	August 2003/ Not yet released
Lower Manhattan Community and Cultural Facility Feasibility	$100,000	92nd Street Y	June 2004/Not yet released
Public Realm Enhancement	$385,000	Smith Miller & Hawkinson	January 2004/Not yet released (No RFP information available on LMDC website)

ENDNOTES

[1] A copy of the HUD waivers are available at http://www.goodjobsny.org/rec_links.htm
[2] Greg Gittrich and Eric Herman “5 More Appointees for Downtown Panel,” Daily News April 8, 2002.
[3] These hearings weren’t without controversy, see Edward Wyatt, "The New Ground Zero; There's Nothing So Closed as an Open Competition," The New York Times, August 31, 2003.
[4] LMDC website: www.renewnyc.com/content/pdfs/PrinciplesBlueprint071102.pdf
[5] Fiscal Policy Institute, “World Trade Center Job Impacts Take a Heavy Toll on Low-Wage Workers: Occupational and Wage Implications of Job Losses Related to the September 11 World Trade Center Attack,” November 5, 2001.
[6] New York State Department of Labor, July 2004
[7] Coalition for the Homeless, http://www.coalitionforthehomeless.org/advocacy/basic_facts.html
[8] *ibid.*
[9] Mercer Human Resource Consulting, 2004 Cost-of-Living Survey – CNN Money report www.money.cnn.com and National Low Income Housing Coalition - http://www.nlihc.org.
[10] John Mollenkopf and Ken Emerson, Rethinking the Urban Agenda, The Century Foundation Press, 2001. Page 49
[11] Discretionary rebuilding grants as referred to in this report do not include the Congressionally mandated pass-through of $783 million for utility restoration and disproportionate loss of workforce, the $425.5 million in LMDC funds contributed to the business assistance programs administered by the ESDC, the original allocation of $700 million to the ESDC for business assistance, or the $280.5 million in Residential Recovery Grants overseen by the LMDC.
[12] Errol Louis, “The 9-11 Black Hole: LMDC's Secret Ways Keep Little Guys From Getting Rebuilding Bucks,” *Daily News* (New York), July 6, 2004.
[17] LMDC website: www.renewnyc.com/content/pdfs/PrinciplesBlueprint071102.pdf
[14] LMDC’s Neighborhood Workshops Summary Report, page 4
[15] Neighborhood Workshops Summary Report, www.renewnyc.com/Participate/public_dialog.htm
[16] Community Board 1, www.cb1.org
[17] The Pace Poll, a polling institute of Pace University, “The Rebuilding of Lower Manhattan. As Plans Progress, Lower Manhattan Residents Evaluate, March 2004 www.pace.edu
[18] Listening to the City Report of Proceedings - www.civic-alliance.org
[19] Vivian S. Troy, “Seeing One Tunnel Too Many,” The New York Times, May 9, 2004.
[20] ibid
[21] Governor Pataki announces results of joint study on Lower Manhattan to Long Island and JFK rail link. (www.renewnyc.com/News)
[22] Remarks of Governor George E. Pataki, Association for a Better New York, Lower Manhattan Development Corporation Speech May 5, 2004. (http://www.state.ny.us/governor/low_man_speec04.html)
[23] Remarks by Senator Charles E. Schumer, Regional Plan Association 14th Annual Regional Assembly on the Far West Side, April 16, 2004. (http://www.schumer.senate.gov)
[24] LMDC press release “Governor Pataki, Mayor Bloomberg Hail President Bush’s Support of Tax Conversion Proposal to Re-direct Federal September 11th Aid,” www.renewnyc.com/News
[25] Economic Impact of Redeveloping The World Trade Center Site: New York City, New York State, And the New York-New Jersey Area, Appleseed, October 30, 2003.
[26] Beyond 16 Acres event, March 16, 2000 (www.civic-alliance.org)
[27] William Neuman., “Mayor, Gov in WTC $$ Battle,” The New York Post, June 12, 2003.
[28] LMDC Press Release, “Secretary Martinez, Governor Pataki, and Mayor Bloomberg announce $50 million program for affordable housing in Lower Manhattan,” July 21, 2003.
[29] The Fiscal Policy Institute, “World Trade Center Job Impacts Take a Heavy Toll on Low-Wage Workers,” November 5, 2001 (www.fiscalpolicy.org)
[30] New York City Department of City Planning Census FactFinder (www.nyc.gov)
[31] Asian American Federation of New York, Chinatown: One Year After September 11th: An Economic Impact Study. November 2002. page 7.
[32] Fiscal Policy Institute, “New York Workers and the National Economy”, September 1, 2002
[33] The business grant program was structured by the ESDC before the LMDC came into existence. The LMDC later contributed funds to the business programs and administered the Residential Grant Program.
[34] Joseph P. Fried and Edward Wyatt, “Two Years Later: The Money; Downtown Grants Found To Favor Investment Field,” The New York Times, September 8, 2003
[35] Katia Hetter, “Big Money To Stay Near WTC,” Newsday, June 3, 2002.

[36] As a reminder, none of these recovery grants are included in "discretionary rebuilding grants" analyzed in this report.
[37] Funds for the memorial are due to come from a World Trade Center foundation that is yet to be formed.
[38] See HUD Quarterly reports at http://www.renewnyc.com/FundingInitiatives/quarterly_report.shtml.htm
[39] LMDC Board Meeting Minutes, January 20, 2004.